



HEBER CREEPER

P.O. BOX 69, HEBER CITY, UTAH, 84032

PHONE: (801) 654-2621

November 19, 1973

GENERAL NOTICE TO BOARD OF DIRECTORS

Board of Directors Meeting, November 27, 1973 at 5:30 P.M. in the office of Lowe Ashton, Heber City, Utah.

Agenda:

- ✓ 1. Approval of minutes from previous meeting.
- ✓ 2. Analysis and discussion of past 1973 season (see President report)
- ✓ 3. Current financial condition and method of financing or reorganizing.
(See material relative to stock issue.)
4. Operations Superintendent report, track, equipment, etc.
5. Projection for 1974 season.
6. Other business.

Please inform the office several days in advance if you cannot attend. This is a most critical meeting.

Very truly yours,

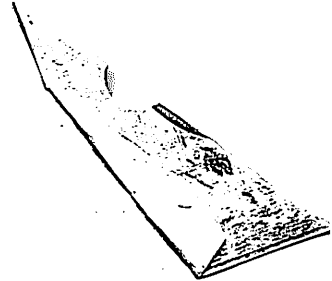
[Signature]
Ed McLaughlin
Sales Manager

110,964

5200 4 1/2%

Limited Partnership
20,000 last yr.
20,000 this yr.

R. Raymond Green, M.D.
375 East 2nd North
Heber, Utah 84032



Minutes of the Annual Stockholders Meeting

April 7, 1973

Minutes of the Annual Stockholders Meeting of the Heber Creeper, Inc. held April 7, 1973 at the home of Lowe Ashton. Those present were: Wesley R. Budd, C. H. Nielson, J. R. Edwards, W. E. Sweeney, Ed McLaughlin, Del Wallengren, Dennis A. Spendlove, Dr. Raymond Green, Donald M. Hoggan, Leon Ritchie and Lowe Ashton. President Ashton acted as chairman of the meeting which was called to order at 1:25 p.m. with 76,570 shares present in person or by proxy.

Roll call was taken noting the amount of stock held by each shareholder. Lowe Ashton held proxies for Gordon Mendenhall, Dr. J. D. Boggess and Ashton Bros. Co.

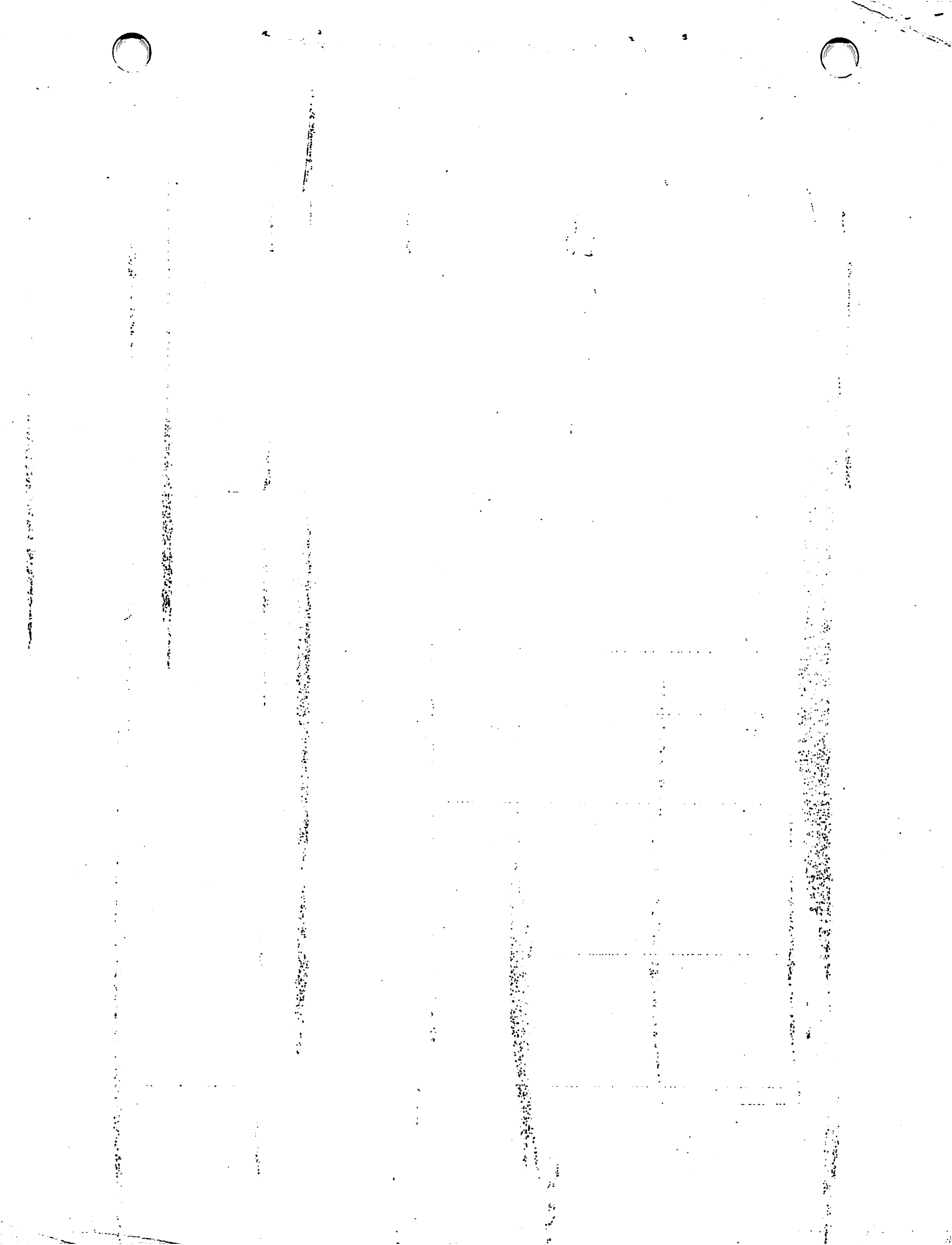
The Secretary presented the Notice which was furnished to all shareholders in connection with the meeting.

The minutes of the last stockholder meeting which was held on Saturday, February 12, 1972 were read and approved.

Prior to the Annual Meeting, President Lowe Ashton had mailed to each stockholder a newsletter describing the financial position of the Company including a profit and loss statement, overall picture of the operating season and statistics showing the increases in growth etc. The newsletter is part of the minutes.

Apr '73
At the present time all payments are current and there are approximately \$20,000 of the loan funds left. The engine house has been completed and paid for. Lowe Ashton and W. E. Sweeney have not been taking their checks and will receive them after the operating season gets underway. Our initial plans to begin operation on Mother's Day weekend cannot be firm until several problems are solved. At the present, snow still covers a good portion of the track making track work impossible. Also, there is a snow slide between Vivian and the Falls which has not melted or been cleared away. Dennis has been working primarily on getting the engines ready. The #618, #35 and the Shay will all be operable for the season. Dennis has budgeted his money extremely well and feels that the \$8900 allotted will cover the costs. Dennis had planned to redeck the Provo River Bridge at Charleston. However, the crane is needed for the bridge repair and he cannot pull the engine crew off the engines to repair the crane. The engines have #1 priority. There will have to be a slow order posted on the bridge until such time as the repairs can be completed

The Environmental Impact Study which has been conducted by the State Road concerning the highway through Provo Canyon has presented some problems for the Company. Ed and Lowe both studied the large volumn and discovered that the railroad was not discussed in detail in relation to the new highway development. Three alternatives were discussed in the Study: 1). To modify the existing highway, 2). New Alignment U-2 3). New Alignment U-4. All three plans apparently require, according to the Study, three (3) highway-railway-river structures. After having Richard Brown, our stock attorney, analyze the situation, he felt that we should have a statement prepared to present at the Public Hearing on the highway matter. This would make our viewpoint a part of the permanent record. Also, it may involve the Company in a possible law suit. However, when Lowe and W. E.



met with the Governor prior to our opening he stated that if the railroad proved to be successful, the Legislature would appropriate money for the needed structures.

There have been 2 or 3 interested people with money approach us wanting to put money into the Company. In the past we have said "No" because we were trying to go public and could have no more stockholders. However, the laws read that after all stockholders have been in the Company over one year, this method of new stockholders is legal as long as it has the approval of the stockholders. The new parties involved must be fully aware of the risk and receive a full disclosure of the stock. -who?

It was decided that the Stockholders would hold a special meeting and discuss the matter further when there was a specific person in mind.

Management is still looking seriously at having a Public Stock Issue. Limited Partnerships have been studied and it is felt that they are not quite all that we thought them to be. At the present time Richard Brown has suggested that we work towards September as the month to bring the Stock Issue on the Market. The Company is operating, which will make the audit look very good and there will be a lot of advertising keeping the Heber Creeper in the minds of the public.

Del Wallengren brought up the matter of the Board of Director members who signed the notes at Zions Bank. He felt that the signers of the SBA note should be entitled to some additional five year options. Lowe reported that Roy Simmons, President of Zions Bank had stated that those who signed the SBA note guarantees should be entitled to options for stock, subject to the profitability of the Company.

W. E. Sweeney made the motion that Lowe investigate the possibilities of stock options for those who signed the SBA note guarantees on a one for one basis subject to approval by legal council. Wesley R. Budd seconded the motion. ALL APPROVE.

Lowe reported that the reported gasoline shortage may have some effect on the tourist trade in the State and the railroad. Utah will have gas, but the tourist may think that they will get here and then not have the gas to get somewhere else. Arizona is already beginning to show signs of this.

Ed McLaughlin reported that a full color brochure is ready for the printer and will be done shortly. Mountainlands has allocated \$4000 for a caboose and the manning of it. This will greatly enhance the railroads impact on the thousands of summer tourists using Highway 40. We are at present working towards several promotions. Roy Rogers have committed to advertise the Heber Creeper and give out coupons which are good only on Friday (one of our overall slow days) which gives a child ticket free when an adult ticket is purchased. Meadow Gold has also been approached, but have not committed themselves (Note: Meadow Gold agreed to this on 4-12-73).

The Homestead and the Heber Creeper have joined forces and through Terra Travel have made up a package tour. This is included in the Salt Lake Convention Center Tour Brochure. The Square Dancers, who are holding a nationwide convention in Salt Lake have placed this on their agenda.



The passenger coaches are the biggest problem as far as getting the cars ready for the approaching season. Two will be ready for the beginning of the season and the other two will be worked on during the season.

Used oil has been acquired through the Denver Rio Grande at a delivered cost of about 2½¢ per gallon. This will be a savings of almost \$7,000 under last years fuel costs. Lowe's old transport is being used to haul the oil to the tanks at the depot yard.

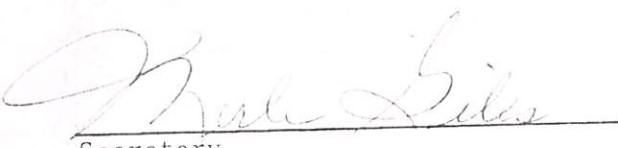
Bridal Veil Falls has agreed to put in flush type toilets, make a larger parking lot, make a new bridge and a bigger patio. They also have agreed to let the railroad sell tickets in their building.

A small water softener will be installed in the Canyon to water the Shay, which will be used for the Canyon train. The Yosemite Sugar Pine tourist railroad used a Shay on a similar grade and reports to us that it worked very well.

Leon Ritchie made the motion that the rules be suspended and that the present Board of Directors be elected by acclamation. W. E. Sweeney seconded the motion and all approve.

The 1972 and 1973 Board of Directors are Lowe Ashton, W. E. Sweeney, Gordon Mendenhall, Jim Ritchie, Wesley R. Budd, J. R. Edwards, Dr. R. Raymond Green, Dr. J. D. Boggess and Delbert Wallengren.

The meeting adjourned at 3:20 p.m.


Secretary


President

Board of Directors Meeting

April 7, 1973

Minutes of the meeting of the Board of Directors of the Heber Creeper held at the home of Lowe Ashton. The meeting was called to order by Lowe Ashton at 3:25 p.m. Those in attendance were Ed McLaughlin, Wesley R. Budd, C. H. Nielson, J. R. Edwards, W. E. Sweeney, Del Wallengren, Dr. R. Raymond Green, Lowe Ashton and Leon Ritchie.

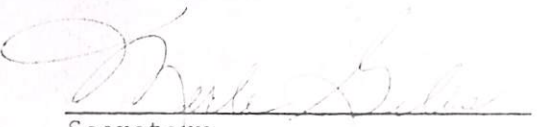
Wesley R. Budd made the motion that the rules be suspended and that the Board of Directors re-elect and return the present slate of officers for the following year. Dr. R. Raymond Green seconded the motion. ALL Approve.

Lowe Ashton, President
W. E. Sweeney, First Vice President
C. H. Nielson, Second Vice President
J. Harold Call, Secretary
Edward McLaughlin, Treasurer

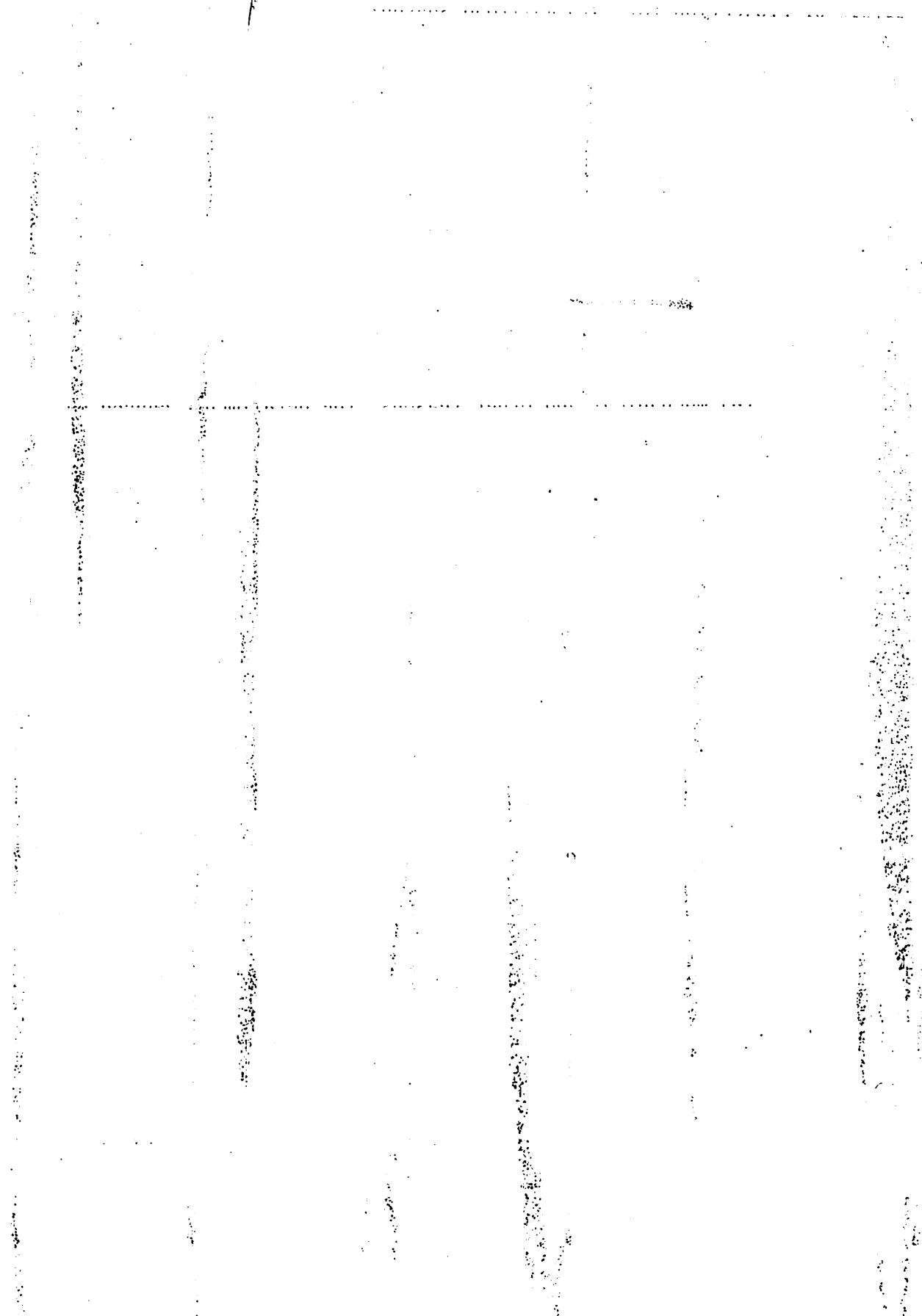
The Gift Shop will be owned and operated by the Heber Creeper this year. Last year the Nackos brothers lost money and were not able to pay the Company their payment. We are taking it out in bumper stickers. A Salt Lake Firm, Miller and Ryan at the present service the Skunk, Durango-Silverton and other scenic steam railroads and have the perfect line of merchandise for our use. Ed has already ordered post cards and hats.

Del Wallengren made the motion that the Directors should hold meetings every month, at the discretion of the President, during the operating season. W. E. Sweeney seconded the motion. ALL APPROVE.

The meeting adjourned at 3:55 p.m.


Secretary


President



1973 Season - Board of Directors Report

-PRELIMINARY-

Analysis of Projection for 1973 Railroad Season:

	1971 (2/3 yr.)	1972	1973 Projected	1973 Actual
Patronage:	26,000	43,000	50,000	35,000 est.
Volume:	\$66,000.00	\$133,300.00	\$200,000.00	\$140,000.00
Average Fare:	\$2.53	\$3.09	\$4.00	\$4.00

Question: Why the decrease in actual patronage and volume?

Reasons: (a) No tram at Bridal Veil Falls, this undoubtedly hurt us. The poor image and management could not help but detract from image. Bridal Veil is not getting any better and threatens to get worse.

(b) Mechanical and other reasons. The derailments caused by a thrown switch at Charleston and climbing over a switch in the Heber City yard cost us a known \$2,500.00. This is the only failure we know from the standpoint of our inability to perform.

(c) Priced too high. In the beginning of the season we decided to attempt a dual train concept which would be priced at \$3.25 for adults and \$1.75 for children on the short trip (Bridal Veil Falls to Dam and Heber City to Dam). The long round trip was to be priced at \$5.00 for adults and \$2.50 for child with passengers using both trains. When in the middle of June, we were unable to justify continuing the dual train concept both due to the breakdown of the Shay and lack of patronage. Ending the dual train concept, we were left with a 25% fare increase for one year. In the writer's opinion this 25% rate increase was a bit excessive for local people to accept, particularly with large Utah families. In retrospect, we should have embarked on a discount plan promotional effort to offset this price resistance as soon as we discontinued the dual train concept. The dual train concept is good, but only when we have reliable equipment. It is very difficult to judge the amount of patronage lost this way, but considering the response we have had to the "AG-FOODTOWN" 25% promotion, we

Capital and Lease Improvements Made During The 1973 Year:

TRACK

Materials, ties, etc. installed and in inventory.....\$6,868.26
 Labor.....\$9,062.18
 Ballast.....\$2,280.90

TOTAL.....\$18,211.34✓

CARS: Restoration and Acquisition

Material.....\$5,401.16
 Labor.....\$5,304.51
 Diner Purchase.....\$5,888.05

TOTAL.....\$16,593.72✓

ENGINES: Restoration

Materials.....\$12,552.37
 Labor, exclusive of any labor charged to maintenance.....\$ 2,908.65

TOTAL.....\$15,461.02✓

Engine House, construction.....\$20,053.31

TOTAL CAPITAL IMPROVEMENTS MADE DURING 1973.....\$70,319.39✓

Investments Made Prior to 1973:

	73	To Date
TRACK.....	\$39,711.14 + 18,211.34 =	57,922.48
RESTORATION AND ACQUISITION OF CARS.....	\$55,007.02 + 16,593.72 =	71,600.74
RESTORATION OF ENGINES.....	\$23,206.62 + 15,461.02 =	38,667.64
EQUIPMENT..... <i>add dining car in '73</i>	\$28,206.62	28,206.62
BUILDINGS..... <i>add Engine House in '73</i>	\$31,004.53 + 20,053.31 =	51,057.84
TOTAL INVESTMENTS MADE PRIOR TO 1973.....	\$177,774.32 + 70,319.39 =	248,093.71
	177,135.93 + 70,319.39 =	247,455.62

*Note 2200/mo
 Note Bal 140,000
 8 signers*

7000 lease

*one engine
 uses*

*600 gal/day
 60,000 gal*

16-20 stockholders

*638.39
 clean out*



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ENGINES

The #35, in my opinion, has reached the critical point and should have major work done to the running gear. The tires are badly worn, several of the journals are rough and running hot. Some of the equalizing linkage is badly worn. The trailing truck needs to be rebuilt and there is some boiler work that needs to be done. It is estimated that needed repairs would run between \$10,000 and \$12,000. The alternative would be to run the #618 but the increased cost of servicing and fuel for the #618 would surely run about the same as the repairs to the #35.

One other possibility is the acquisition of another engine, by trade or other means, that is in good operating condition. Mr. Jim Berry is pursuing that possibility for us now. The cost of moving a new engine in and getting it ready to go may run into the same bracket as the repairs to the #35.

But, we would be getting a new engine out of the deal and would still have the #35 for standby, replacing the #618 for that purpose.

The time involved in making repairs to the #35 could drag on for 3 or 4 months with expenses mounting up as we go along. If we could get a new engine we could likely get it moved in and ready to run in just a matter of weeks and most likely be able to postpone the money outlay till we got into operation.

TRACK

If looked at on a "what will it take to get into operation" basis, needed minimum track repairs would probably cost us only two to three thousand dollars. This would primarily amount to clearing the line and making spot repairs.

At this point it should be pointed out that if we should continue to run the steamers and heavy cars down the canyon on a regular basis, an additional \$10,000 to \$15,000 must be spent to correct conditions at the "roller coaster" and the "hump". "Wildwood trestle" is questionable and should be inspected

Proposed method of operating during 1974:

Due to the extreme lack of capital and the inability to do anything at the moment, it is proposed that the Steam Engines be limited to an operation over trackage between Heber City and Deer Creek Dam only. Operation in the Canyon would be limited to diesel service if we are able to obtain a diesel electric unit. The official reason for not operating steam power over the entire line would come under the following heading of discussion: Heber Creeper is doing its bit to conserve energy, an emergency operation related to the fuel shortage, etc. Major factors or reasons for not operating in the Canyon is the rough, and dangerous track conditions which are taking a devastating toll on the mechanical longevity of the locomotives and rolling stock. The track above the dam, where the needs or nominal, can easily have repair work financed out of generated revenues during the operating season.

The operations of a diesel locomotive, 45 toner, would be much easier down the canyon than with steam power. The dual train concept would come into play around July 1, 1973. With the dual train service, the diesel would be the only train into Bridal Veil Falls. Operating with a four car train between Bridal Veil and the Dam, tickets would be priced lower for the short trip. The canyon train would also have a double decker car which would add a unique feature to the total concept. Running lighter locomotives and cars in the canyon would mean that this equipment and track would last longer. At the end of each day, the diesel and its train would head back to Heber. Based in Heber would give the Creeper an early morning departure for the tourists as the diesel would leave about two hours before the steam run. Passengers would still have the chance to ride the steam train on their return leg of the trip to Heber City. The diesel and the double decker car cost money and it will be a factor with respect to activating this concept. The diesel cost around 16¢ to 19¢ a mile to operate which is far below steam. The diesel would also serve as a back-up to the steam units. And would replace the steamers totally on the gravel runs, evening dinner trips, etc. The diesel would also give us two ways to go on charters. Since the steamers cost more in fuel to operate charter rates would go up. The diesel rates would stay about where our charter rates are now. Since the steam units is unique, this would also support a raise in the charter ticket price.

